

EDITION & FORWARDING

23 NOVEMBER 1974

Knight-Ridder merger finalized by stockholders

The merger of two newspaper publishing empires into one was finalized in separate meetings held in New York and Miami by Ridder Publications Inc. and Knight Newspapers Inc. on November 20.

Despite some pre-storm signals waved by some Ridders stockholders last week, the merger which forms the largest newspaper enterprise in America went through as promised, without a hitch.

Shareholders of Knight Newspapers Inc. made a clean sweep of the plan for merger with Ridder Publications Inc., at a special meeting November 20 in Miami, Fla.

The vote for a reorganization of Knight that will make Ridder a wholly owned subsidiary, effective November 30, 1974 was announced as 9,986,484 in favor and 5,745 against. All of the votes had been cast by proxy.

Lee Hills, Chairman of Knight, announced to a meeting of about 60 persons, mostly management and staff employees of the *Miami Herald*, that the favorable vote represented 99.94 percent of the votes cast out of a total of 10,443,801 shares outstanding.

Record vote

This was the greatest percentage of votes ever exercised in a Knight election.

The meeting, which Hills characterized as a "social hour" in the Dupont Plaza Hotel, ran for 45 minutes, including a 15-minute coffee-and-danish break.

Before the voting, Hills announced that the investment counselling firm of Goldman, Sachs & Co. and Lehman Brothers, had reaffirmed their earlier opinion that the plan for a tax-free exchange of Ridder and Knight shares was "still fair and equitable" for investors in both companies. Each Ridder common share will be given six tenths of a share of Knight. The quarterly dividend will be raised from 8 cents to 13 and a half cents a share.

In New York City on November 20, at the Waldorf-Astoria, Ridder Publications, Inc., stockholders heard Eric Ridder as secretary to the Ridder Board of Directors report the final count on the proposed Knight-Ridder merger.

The vote was 5,941,934 in favor of the merger and 1,555,953 against. Bernard J. Ridder, Chairman of the Board, after the secretary's report, declared the merger approved and adopted.

Prior to the special meeting of Ridder stockholders two directors, Eric Ridder and Joseph B. Ridder, announced that they would vote against the proposed merger. (See E&P Nov. 16) Eric and Joseph B. Ridder owned as of November 7, and beneficially, 423,294 and 363,003 shares of Ridder common stock, respectively.

Eric Ridder, before the vote was taken, explained to the stockholders the reason for his announced position. Both Eric Ridder and Joseph B. Ridder had voted in favor of the merger at two Ridder Board of Directors meetings held July 17, 1974 and September 18, 1974.

"Knight management is excellent", said Eric Ridder, "but I am concerned about two of their properties, Philadelphia and Detroit. In both of these markets the newspapers are number two."

'Marvelous deal'

Eric Ridder then went on to say, "that on a conservative basis if you took Ridder earnings and put it below the lowest possible multiple, which would be 20 times earnings, you would come up with a figure of 280 million dollars. The 280 million dollars in cash looks a lot different than less than a 100 million dollars in stock. My feelings about the Knight merger, apart from the fact that I know and like them all, is I think they have made one of the most marvelous deals in the history of the newspaper industry, and I wish we could have done the same."

Ridder and Knight management teams, associated for many years in professional dealings, have a common bond in believing that "quality and profit go hand in hand," Hills said. It is a firm policy of Knight to operate newspapers with local editorial autonomy that are financially successful, he noted.

Knight-Ridder Newspapers Inc., as the new firm will be known, will constitute an amalgam of 33 dailies in markets that are Coast-To-Coast and are forecast to enjoy a growth of consumer income as much as 77.9 percent in the next 12 years. Consumer expenditures in these markets, Hills said, are predicted to reach 74 percent higher than present figures, outpacing the national rate.

In only one state, Michigan, will the new corporation have two newspapers where markets overlap but the degree is insignificant, according to Hills. He referred to Detroit and Niles.

In San Jose, Hills pointed out, a community which has been served by Ridder, has the highest median average family income of any city in the country.

Hills also remarked that Knight-Ridder will own 65 percent of the dividend shares of Seattle Times Co. and 49.5 percent of the voting stock.

Asked to comment on the economy and its effect on newspaper operations, Hills replied that he personally believed "we are in a painful period which will be corrected" probably by mid-1975. Until there is a turnaround from the recession, he said, "we will have a rough time—even worse than it is now."

ing from an appendectomy and he plans to move into his winter home on La Gorce Island in Miami at the end of the month. Blake C. McDowell Sr., longtime Knight associate, also is convalescing from an illness. His son represented him at the meeting.

STAT